

SMSU Return of Title IV Federal Student Aid

Federal Financial Aid Refunds - Return of Title IV Calculation

A student recipient of Federal Title IV funds (i.e., Federal Pell, SEOG or TEACH grants or Perkins, Direct or PLUS loans) who withdraws from the school before completing 60% of the term is subject to the Return of Title IV Calculation to determine the percentage of Title IV funds required to be returned to the federal government. The Return of Title IV calculation is a federally mandated formula to determine how much federal funding was “earned” up to the time of withdrawal.

The Title IV funds that were disbursed in excess of the earned amount must be returned to the federal government by the school and/or you. If you received a refund from financial aid, which was to be used for education-related personal expenses or housing expenses, you may be required to return a portion of those funds to the school. This portion represents funds that were intended to pay your education-related expenses through the end of the semester. The amount to be returned to the school will be determined by your institutional costs, refunds you might have received for non-school expenses and the funds that must be returned to the government.

The amount to be returned to the federal government will be calculated from the date you officially withdrew from classes or, in the case of an unofficial withdrawal, the last date you were involved in an academically related activity. An official withdrawal occurs when a student follows the published process for withdrawing from the school prior to the end of the term.

To determine the amount of aid you earned up to the time of withdrawal, SMSU will determine the percentage of the semester you attended. The percentage used to determine the return of federal student aid funds is equal to the number of calendar days remaining in the semester divided by the number of calendar days in the semester. Scheduled breaks of more than five consecutive days are excluded. The resulting percentage is then used along with your school costs and total federal funds that you received (funds that were disbursed directly to your school student account and possibly refunded to you) or that you were eligible to receive, to determine the amount of aid that you are allowed to keep.

Any unearned Title IV aid must be returned to the federal government within 45 days of the date of the determination of your withdrawal. SMSU will notify you with instructions on how to proceed if you are required to return funds to the government. Any funds returned after the Return of Title IV Aid calculation is completed and processed are then used to repay the university’s funds, state funds, other private sources, and the student, in proportion to the amount received from each non-federal source, as long as there was no unpaid balance at the time of withdrawal. All aid sources are repaid before any funds are returned to the student.

Funds that are returned to the federal government are used to reduce the outstanding balances in individual federal programs. Financial aid returned by you and/or your parent or the school must be allocated in the following order:

1. Federal Unsubsidized Direct Loan
2. Federal Subsidized Direct Loan
3. Federal Perkins Loan
4. Federal Direct Parent Loan (PLUS)
5. Federal Pell Grant
6. Federal Supplemental Educational Opportunity Grant (SEOG)
7. Federal Teach Grant

A student may be eligible for a post-withdrawal disbursement if, prior to withdrawing, the student earned more federal financial aid than was disbursed. If a student is eligible for a post-withdrawal disbursement for Title IV funds, it will be processed for the student and a refund will be issued within 14 days of the credit balance.

If the post-withdrawal disbursement includes loan funds, SMSU must get the student's permission before it can disburse the loan. Students may choose to decline some or all of the loan funds so that s/he does not incur additional debt. A notice will be sent out to the student, and the signed, original document must be returned to the School within 14 days.

SMSU may automatically use all or a portion of the post-withdrawal disbursement of grant funds for tuition and fees. However, the school needs the student's permission to use the post-withdrawal grant disbursement for all other school charges. If the student does not give his/her permission, the student will be offered the funds. However, it may be in the student's best interest to allow the school to keep the funds to reduce the student's debt at the school.

It is also important to understand that accepting a post-withdrawal disbursement of student loan funds will increase a student's overall student loan debt that must be repaid under the terms of the Master Promissory Note. Additionally, accepting the disbursement of grant funds will reduce the remaining amount of grant funds available to the student should the student continue his/her education at a later time.

Official Withdrawal

A student must complete a University Withdrawal Form, the form can be obtained at the Advising Center. Withdrawing students are encouraged to discuss their withdrawal plans with the Director of the Advising Office.

The date of an official withdrawal from SMSU is the earliest of the dates the student began their withdrawal process or date the student provided official notice.

Unofficial Withdrawal

- Occurs when a student leaves the school without notice, Or
- The student's last date of attendance or participation in any academic activity will be the date used to calculate the Return of Title IV Funds.